CORRIGENDA

SECTION 1

PRODUCTION AND RELATED OUTPUT DATA

Highlights of 1985

For the paper industry 1985 was a year of transition. Production declined slightly from the 1984 levels, but total output, and that of most grades, marked the second highest levels achieved. The declines in production largely reflected (1) the effects of inventory changes by the paper industry and its major users and (2) the effects of the high value of the dollar in international trade which tended to make the domestic market for paper and paperboard more attractive to overseas producers while reducing the demand for U.S. produced paper and paperboard in foreign markets. At the same time, actual consumption of paper and paperboard increased slightly in 1985 in line with the increase in total economic activity as measured by the real gross national product.

Transitions in the market place included reversal of the steep advance in the dollar; a 20% decline in the value of the dollar from its March 1985 peak to the end of the year was experienced. There is normally a lag between changes in the exchange rates and changes in imports and exports, so that 1985 was still marked by a strong increase in imports of paper and paperboard and decline in exports. By the year end, however, there were some indications that the export balance was improving.

Inventory policies were also in transition. At the beginning of 1985 inventories of paper, paperboard and wood pulp at the mills and at consumers were relatively high. Subsequent changes in inventory policies brought ratios of inventories to production down, so that by the end of the year they were generally in line with their long-term trends.

The year was also marked by continued declines in the rate of inflation, with the major indicators -- the consumer price index, the producer price index and the price deflator of the gross national product -- averaging increases in the 2-4% range, a marked improvement from the double digit levels of only a few years ago. In addition, both short and long-term interest rates headed downward throughout the year.

The impact of these changes on the various sectors of the paper industry in 1985 was by no means uniform. Production of printing and writing papers (excluding newsprint) rose slightly to a new high, largely reflecting the strong demand for uncoated free sheet papers. Coated papers, by way of contrast, were strongly affected by rising imports, and domestic shipments declined sharply. The paper packaging grades also moved downward under the impact of competition from plastic materials.

Among the paperboard grades, production of kraft linerboard was strongly affected by declines in inventories at the mills and box plants as well as reduced exports. Recycled paperboard production, however, moved to a new high, reflecting increases in demand for both the packaging and non-packaging grades.

	YEAR	Total Primary 261-3, 266
Pg. 58	1983	3,697